

PURPOSE

EXIT STRATEGY



VIDEO
TRANSCRIPT
FIVE



COACHING ACADEMY SPECIALIST
Where Small Businesses Grow

Video Transcript Five

Exit Strategy

We're now going to talk about exit strategy.

And straight away, I can hear business owners who've been in business for a number of years ask, why an Exit Strategy?

When somebody touches on the subject of exit strategy, they're so quick to say, "For goodness sake, my strategy is to survive this week, to get through to the end of the month. That's my strategy." And of course, they say it in jest but in the back of their mind they know they should have an 'exit strategy'.

But they're too busy working 'In' the business to even think about working 'On' the business by deciding on an exit strategy.

Now, who are the people who ask, "What is your exit strategy?" You have to think about it. Invariably, it'll be your banker.

You go to your bank for your first visit to borrow some money and they're going to say, "What's your exit strategy?" And I don't care how young you are, how new you are into the business, and you're going to be thinking, "What does he want to know that for?" And you ought to think about it.

Why would he want to know about your exit strategy? He wants to know: What do you have in mind? He wants to know that you're clear in your mind where it is you're going. Because that's going to help him, inspire him, to have the confidence in you and your business.

So you need to have an exit strategy.

An exit strategy has got to do with: Are you going to work this until the day you die? Because the truth is, at that stage you won't have the energy or the enthusiasm or the commitment or the passion for the business like you have today.

And that is why it's important you decide long before then what it is you want to do.

An exit strategy can be, typically, that you plan to sell the business, you plan to sell some of your business, or you plan to sell all of your business, or you plan to give the business to maybe some of your family.

But whatever it is, at some stage you will want to exit the business. And if you want to do that, you've got to do it on the best of terms.

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Exit Strategy/Continued....

So it's crucially important that you sit down calmly and think, "What is my exit strategy?"

An example for an exit strategy might be that you write down that, "I plan for this business to be worth £1 million in 10 years' time and at that stage, what I plan to do is to sell the business for £1 million."

That's one exit strategy. Another might be that, "No, I'll only be 40 years of age then. And what I'd be happy to do is sell maybe half of the business for £500,000 to maybe one of the directors in the business and then let them continue with some of the responsibility while I bank half a million and then continue to invest maybe half of my time working in the business."

Or it might be to gradually over a period of time give away 10% per annum.

Whatever it is, you must have some sort of an outline strategy that you don't have to stick to, you don't have to keep to. You reserve the right to change your mind.

But not to have any strategy will come across to your bankers as being fairly reckless. And when they ask you about your exit strategy, they're not saying, "When do you want to get out of it, when do you want to quit, does it sound like a bad deal," no. What they want to ask you as a businessman, what it is you plan to do with that business.

So it's very important for any business owner to decide: What's it all about and what is my strategy for leaving the business?

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